DESTINATION HALIFAX SALES STRATEGY

2016-2021

OVERVIEW OF THE TOURISM ECONOMY IN HALIFAX

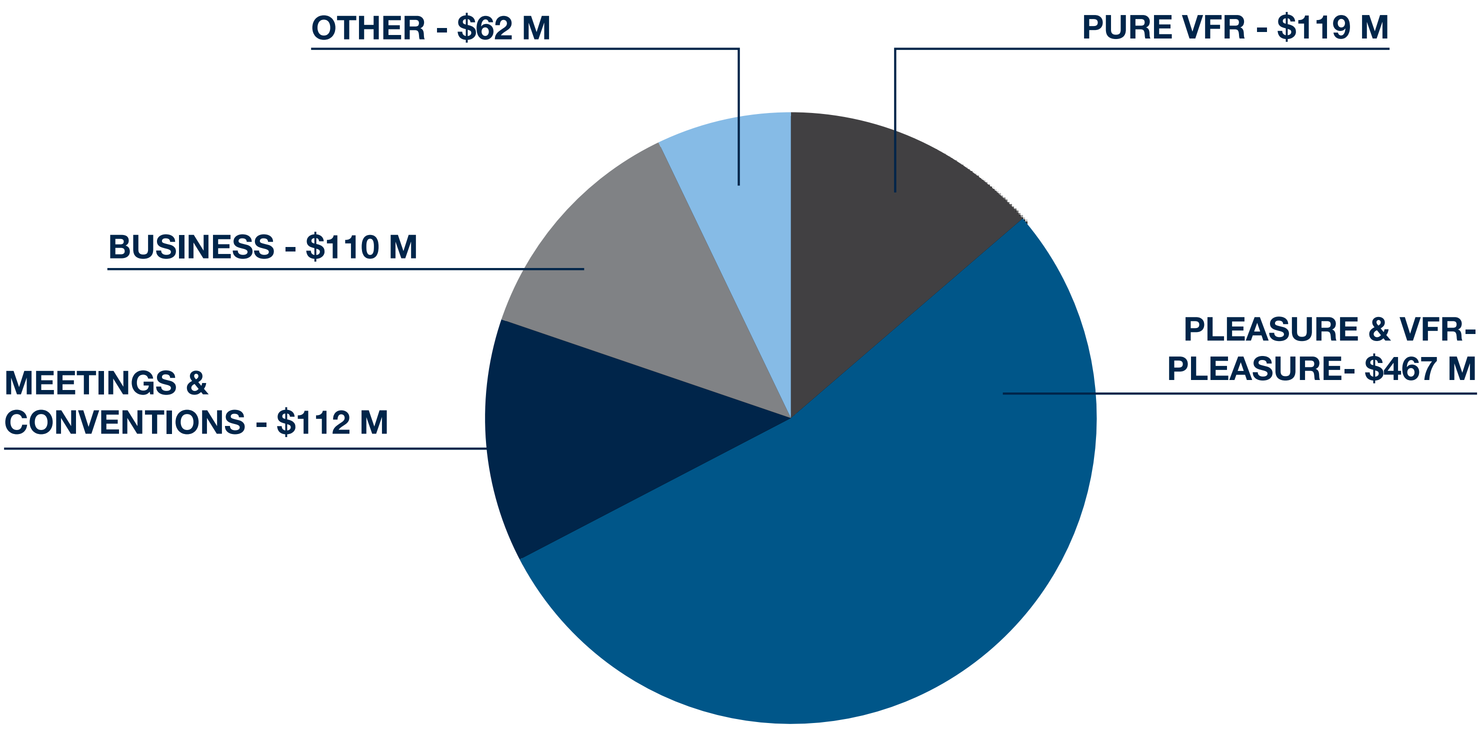
OVERVIEW OF THE TOURISM ECONOMY IN HALIFAX

- 5.5 million overnight stays each year
- Generates $1 billion annually in direct spending[2]
- Generates more than $120 million annually in provincial sales tax revenue
- Generates $14.5 million annually in municipal tax revenue from hotel and tourism properties
- 1,642 businesses operate in the tourism sector employing 23,290 people (TIAC)
- Other stats:
  - 55 hotels/accommodations
  - 1088 restaurants
  - 312 things to do (212 businesses)
  - 1428 retailers (stats Canada)
  - 10 car rental agencies

[2] Tourism Nova scotia

OVERVIEW

Total Visitor Spend

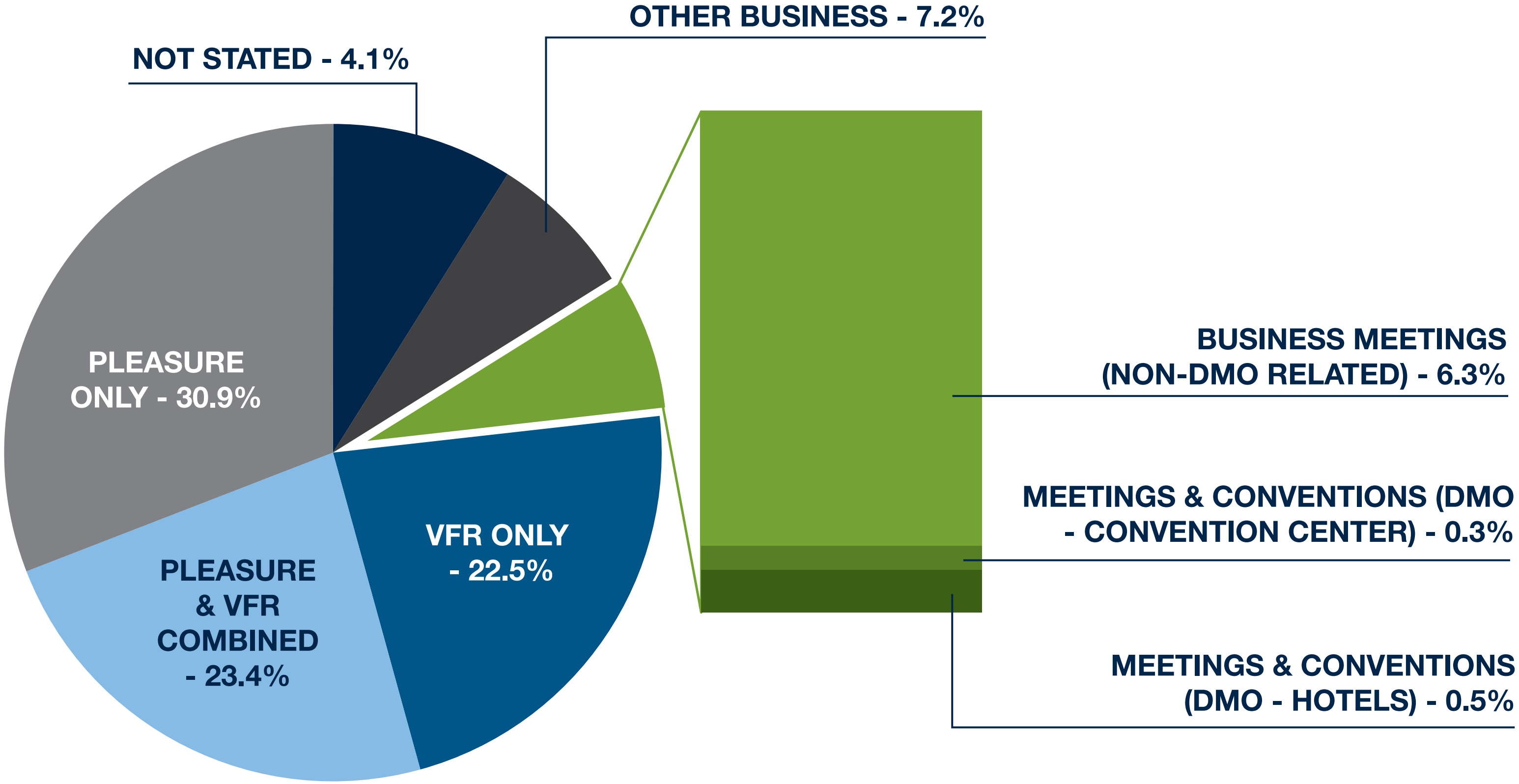


OVERVIEW

All visits, trip purpose

TRIP PURPOSE (UNIT: PERSON VISITS)	3,921,534	100.0%
To visit friends or relatives	1,627,821	41.5%
Pleasure	1,333,434	34.0%
Shopping	328,359	8.4%
All other pleasure	1,005,074	25.6%
Business (includes business convention)	570,483	14.5%
Business convention	224,831	5.7%
All other/Not stated (includes non-business convention for TSRC)	389,797	9.9%

Visit Nights, Trip Purpose



Visitation by Season

SURVEY QUARTER (UNIT: PERSON VISITS)	3,921,534	100.0%
1st Quarter (January - March)	883,562	22.5%
2nd Quarter (April - June)	929,847	23.7%
3rd Quarter (July - September)	1,182,898	30.2%
4th Quarter (October - December)	925,227	23.6%

Length of Stay

VISIT DURATION IN CITY/REGION (UNIT: PERSON VISITS)	5,485,777	100.0%
Same-day	2,253,386	57.5%
Overnight	1,668,148	42.5%
1 night	604,152	15.4%
2 nights	499,103	12.7%
3 nights	195,086	5.0%
4 nights	85,201	2.2%
5 nights	49,865	1.3%
6-9 nights	135,577	3.5%
10-16 nights	68,144	1.7%
17-30 nights	25,091	0.6%
31 or more nights	5,930	0.2%

Average number of nights	1.4

Method of Transportation

PRIMARY TRANSPORTATION MODE (UNIT: PERSON VISITS)	3,921,534	100.0%
Car/Truck/Camper or RV (private or rented)	3,459,920	88.2%
Commercial airplane	333,077	8.5%
Bus	78,833	2.0%
Rail	22,524	0.6%
Ship/Boat	68,249	1.7%
Other	88,959	2.3%
Not stated	25,757	0.7%

Accommodation Type

PERSON-VISIT-NIGHTS IN CITY/REGION (UNIT: PERSON VISITS)	5,485,777	100.0%
All paid roofed accommodation	1,907,308	34.8%
Hotel	1,537,147	28.0%
Motel	144,421	2.6%
Bed and breakfast (TSRC only)	19,940	0.4%
Resort/Spa (TSRC only)	0	0.0%
Boat or cruise ship (TSRC only)	3,699	0.1%
Other paid roofed accommodation	202,101	3.7%
Campground/RV park or back country camping	33,480	0.6%
All unpaid accommodation	3,182,416	58.0%
Home of friends/relatives	3,071,837	56.0%
Other unpaid accommodation	110,579	2.0%
Other/Not stated	362,573	6.6%

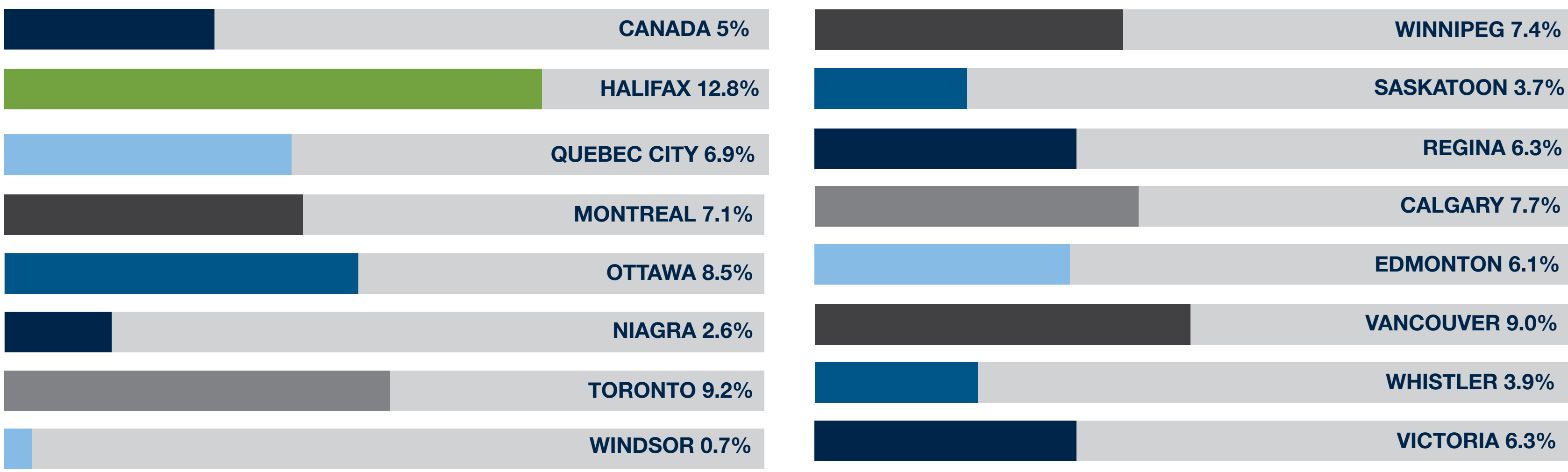
Tourism Economy in Halifax

	AVERAGE # OF NIGHTS	SPEND PER PERSON PER TRIP	SPEND PER PERSON PER NIGHT
Business	3.1	639.79	213.52
Meetings and Convention	**2.9**	**552.21**	**202.49**
Pleasure	2.9	405.64	131.77
Visiting Friends and Family (VFR)	3.2	194.92	61.37

MEETINGS AND CONVENTIONS MARKET

OVERVIEW

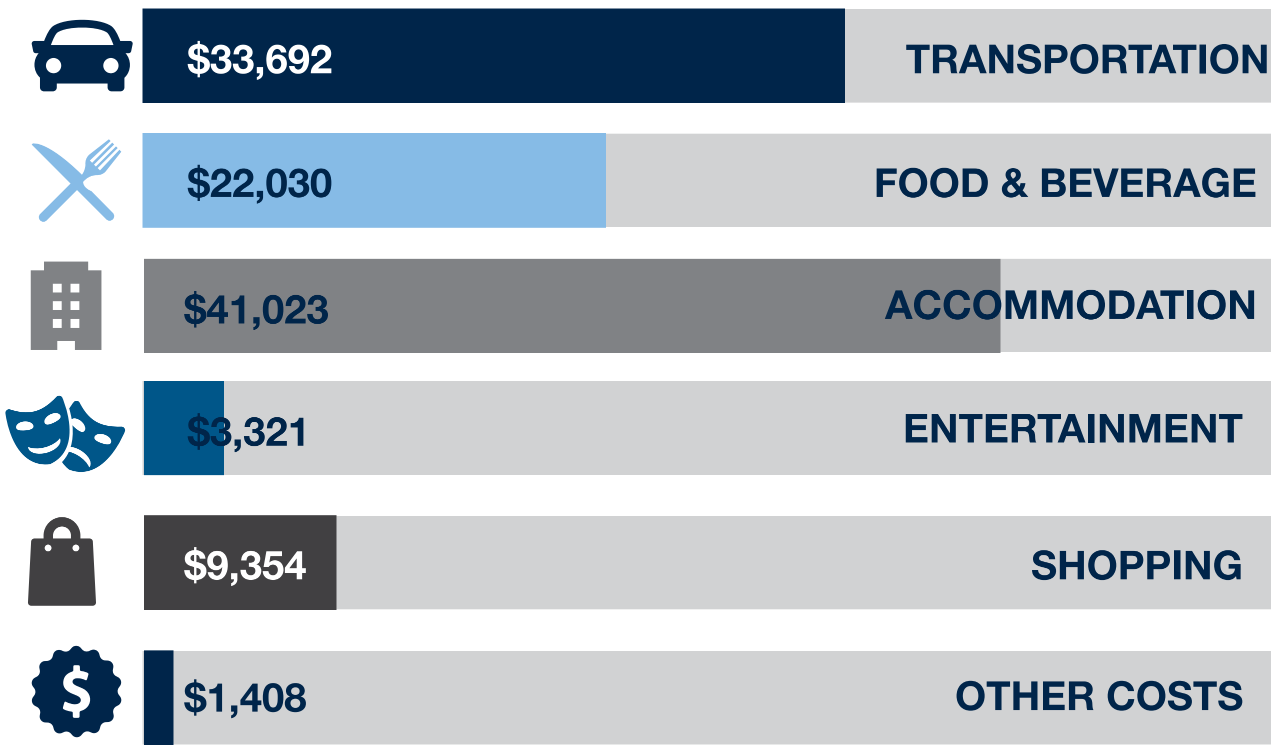
Percentage of visitor spend attributed to Meetings and Conventions as compared to leading Canadian Cities



Source: Stats Canada Travel Survey of Residents of Canada (TSRC) and the International Travel Survey (ITS) 2011

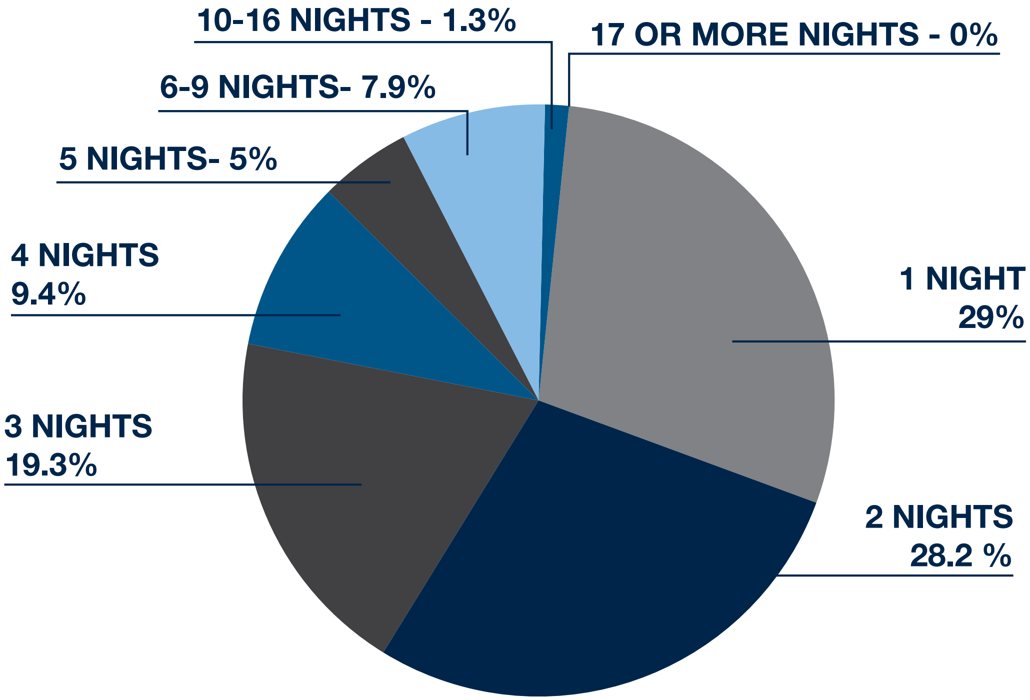
M & C OVERVIEW

Delegate Spending in Halifax (000's)



Source: Stats Canada Travel Survey of Residents of Canada (TSRC) and the International Travel Survey (ITS)

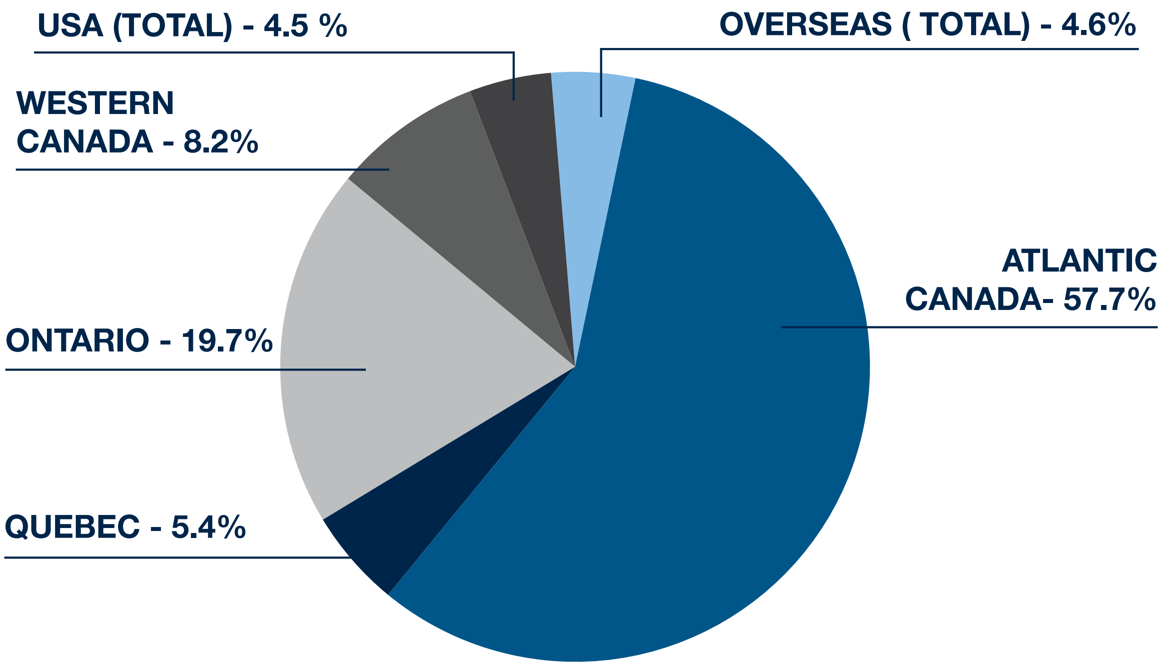
Visit Duration in Halifax - Conventions



Source: Cities Overnight Convention Average 2009-2012

M & C
OVERVIEW

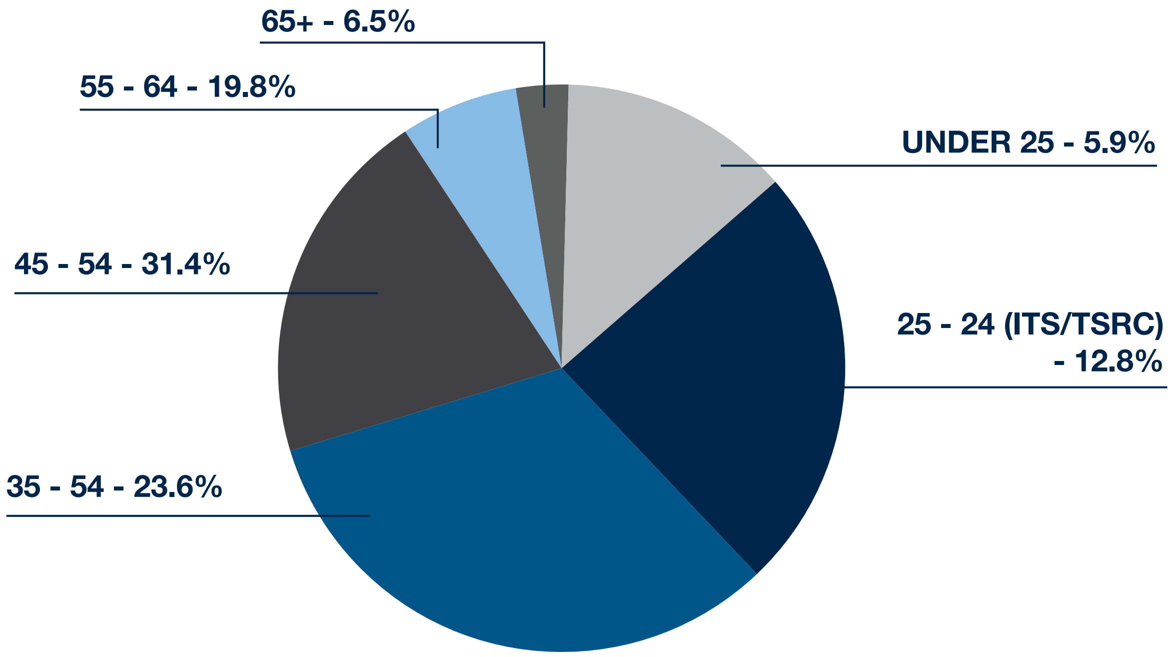
Place of Residence/ Trip Origin - Conventions



Source: Cities Overnight Convention Average 2009-2012

M & C OVERVIEW

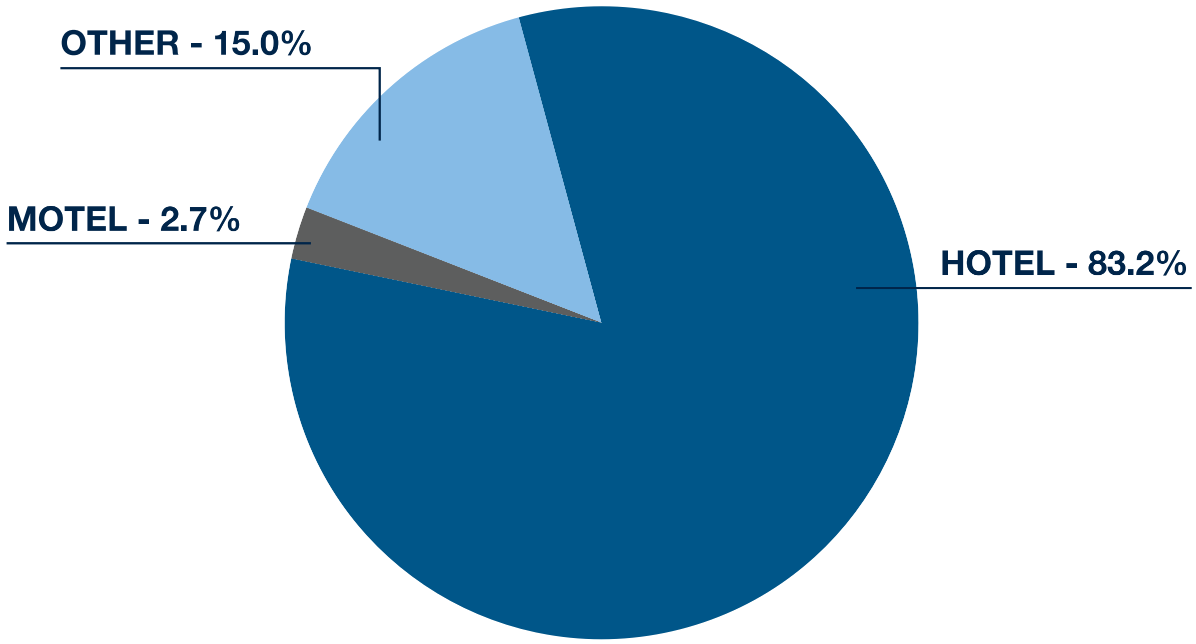
Average Age of Delegate - Conventions



Source: Cities Overnight Convention Average 2009-2012

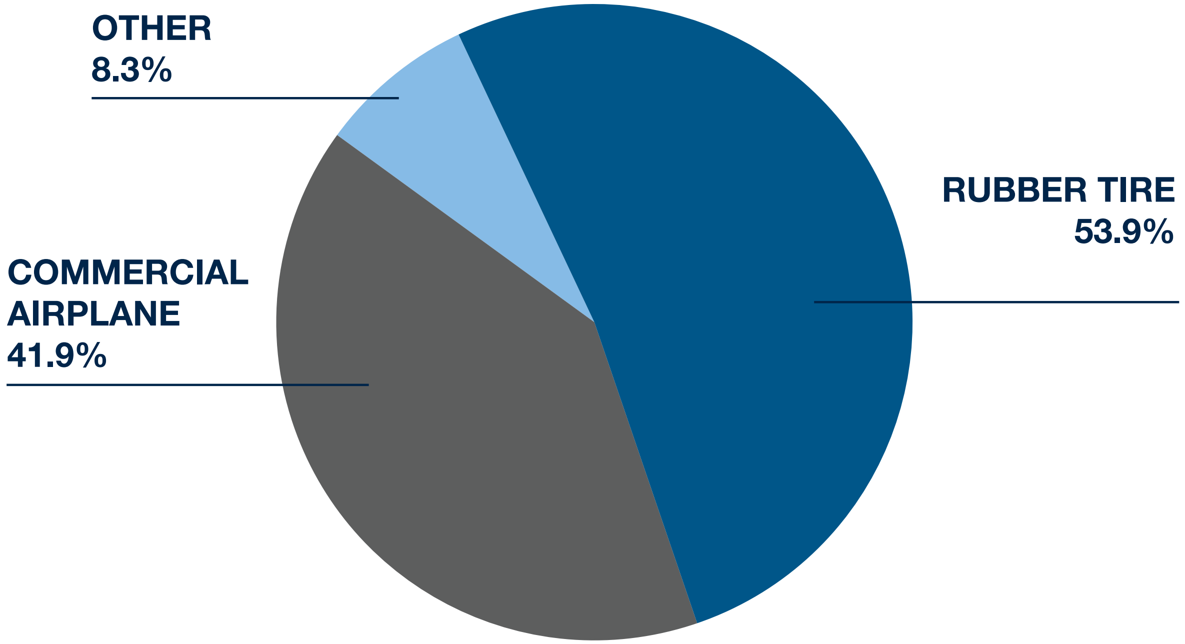
M & C
OVERVIEW

Type of Accommodation in Halifax - Conventions



Source: Cities Overnight Convention Average 2009-2012

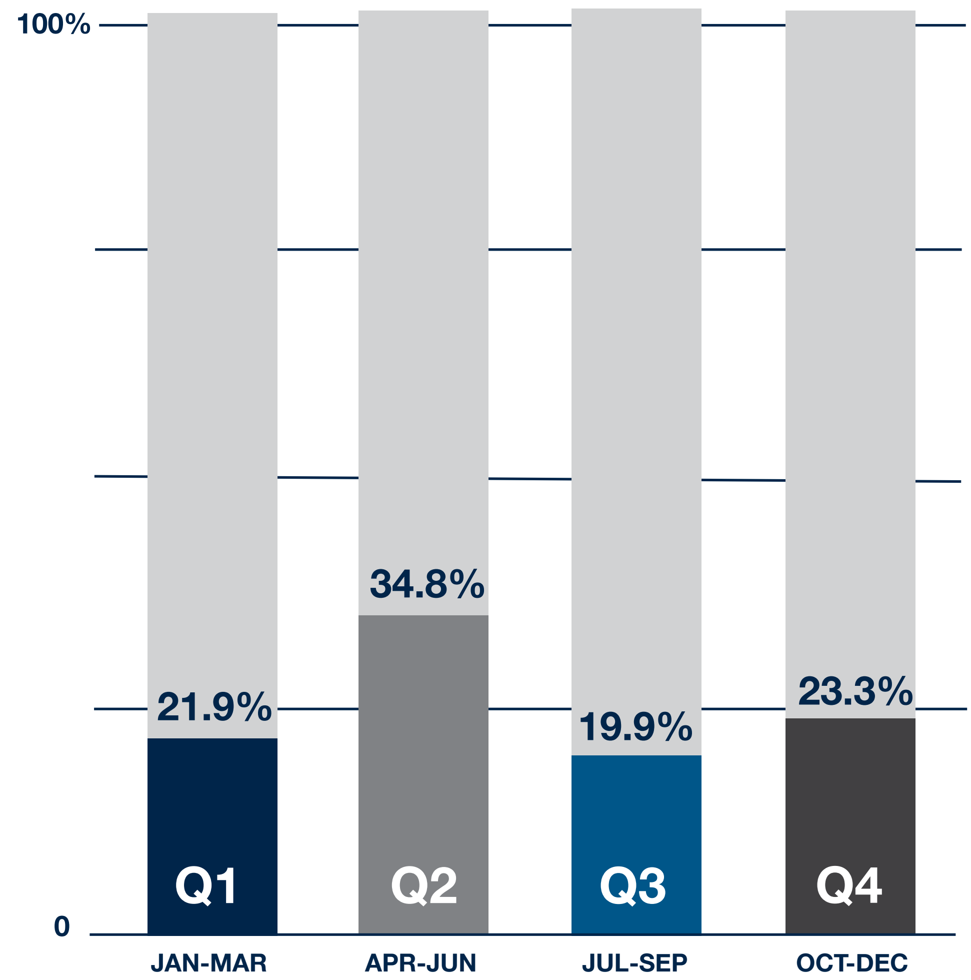
Primary Mode of Transportation - Conventions



Source: Cities Overnight Convention Average 2009-2012

M & C
OVERVIEW

Conventions in Halifax per Quarter – Person Visits



Source: Cities Overnight Convention Average 2009-2012

M & C OVERVIEW

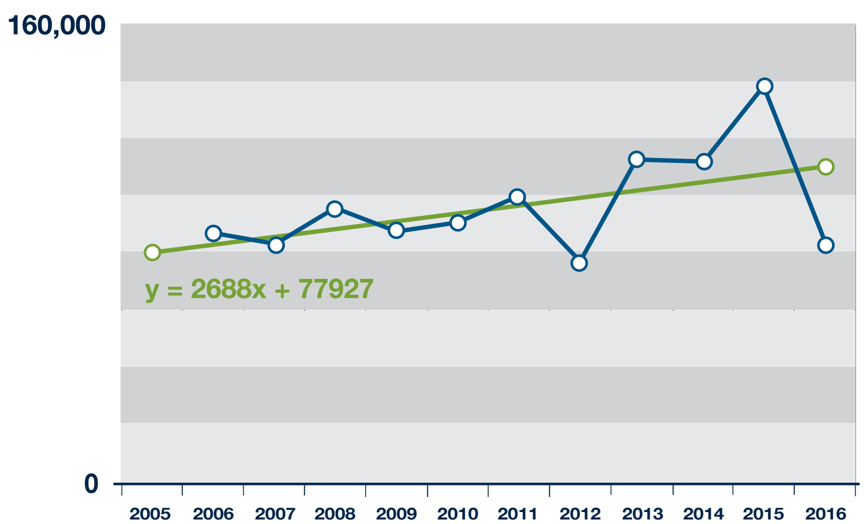
Current Situation

- M & C market represents 4% of Nova Scotia`s total visitors
- M & C market represents 27% of all business travellers
- 93% of NS convention attendees visit Halifax
- Convention delegates report spending significantly more on accommodation and meals in restaurants
    - somewhat higher spend on shopping and entertainment

M & C OVERVIEW

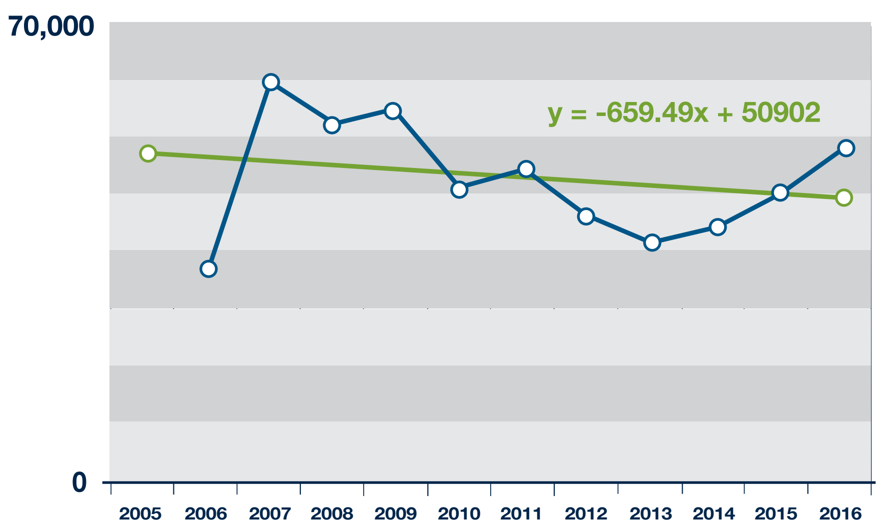
Room Nights Booking Trend

Tentative



Average - 96,747

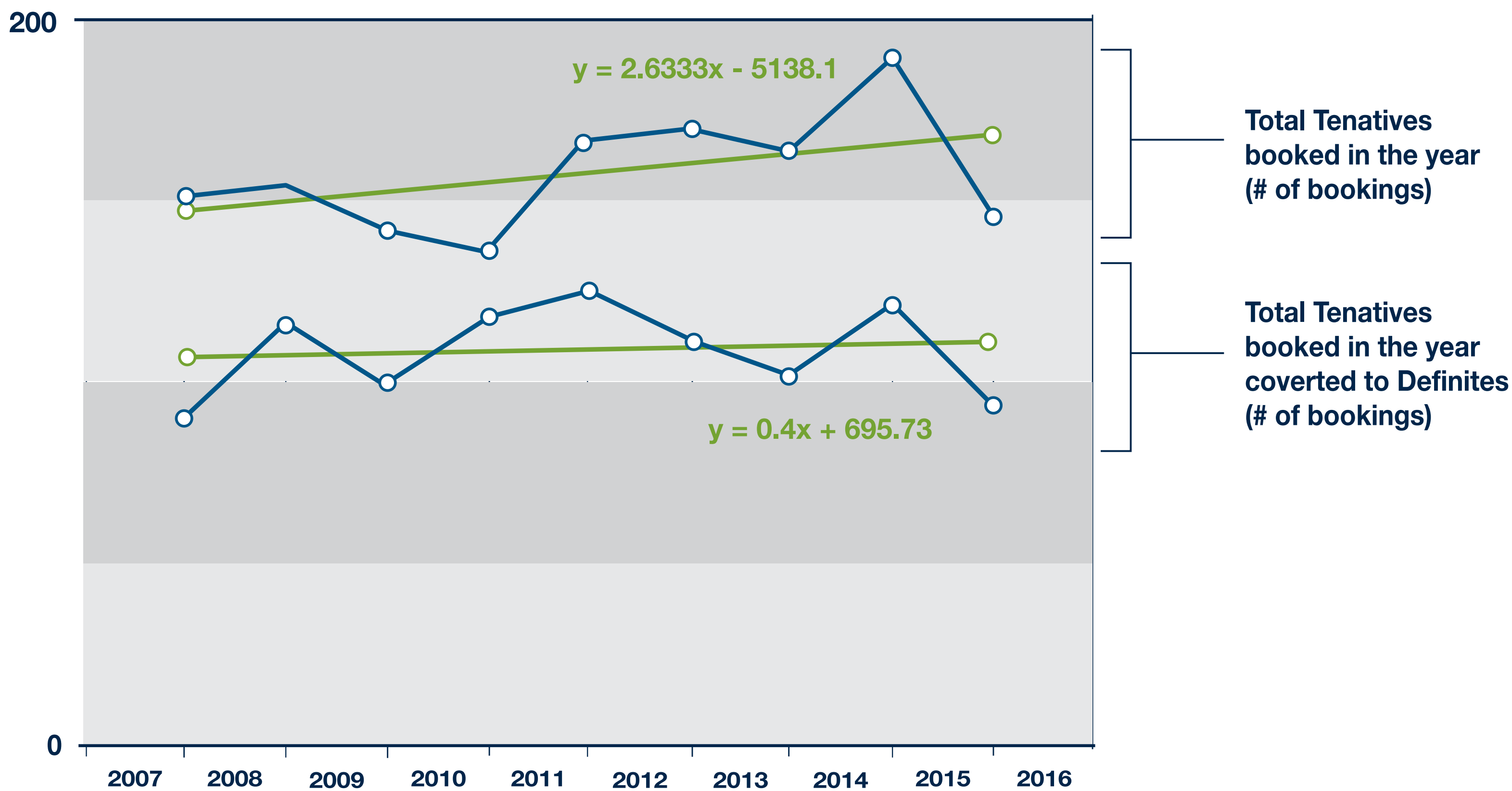
Definite



Average - 46,316

M & C
OVERVIEW

Room Night Conversion Rate



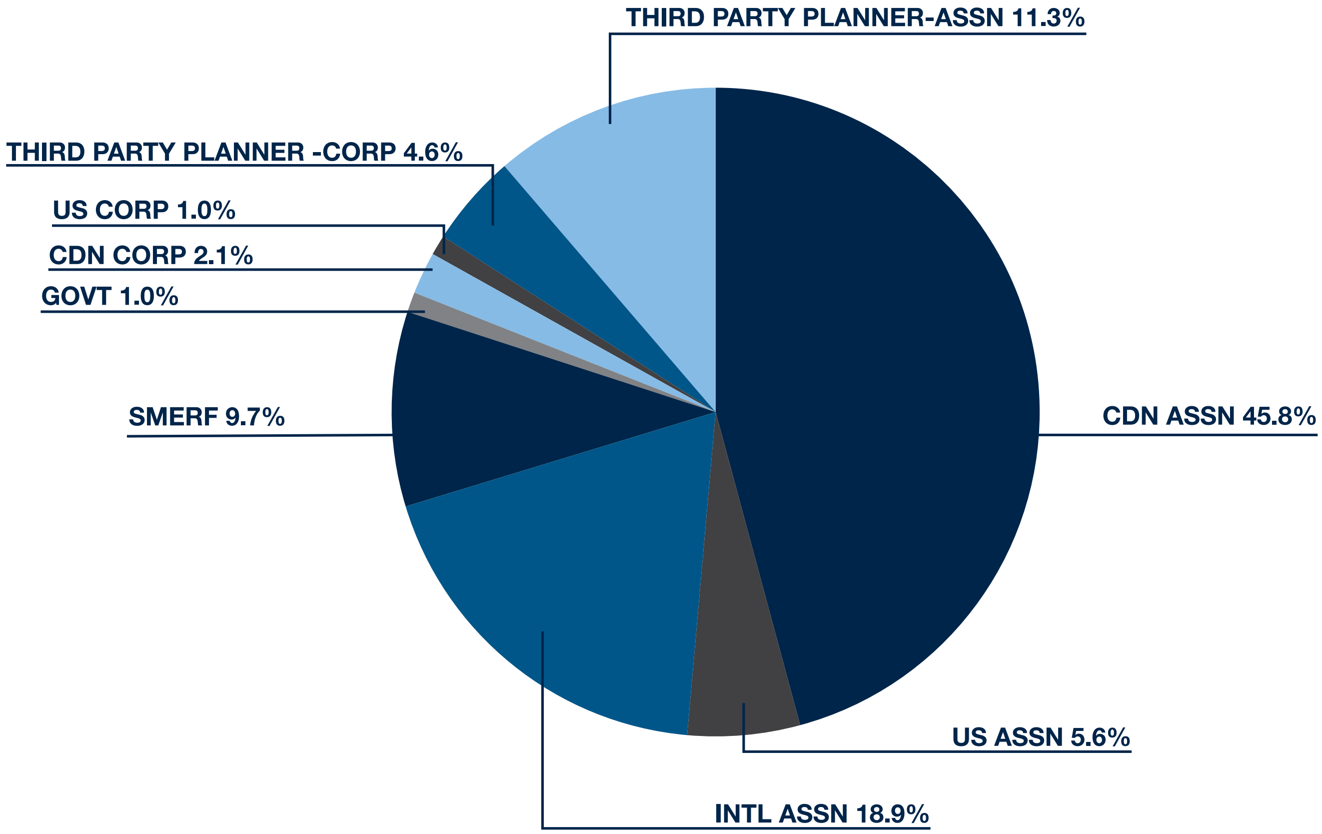
PRE-POST OVERVIEW

- 50% of visitors from outside Atlantic Canada extend their trip to visit the province
    - Trip extensions average 2.4 nights for delegates from outside Atlantic Canada
    - Trip extensions average 1.3 nights for Atlantic Canadian delegates
- Many delegates expand their party size for their visit. Among delegates:
    - 22% travel as a couple
    - 8% travel with friends
    - 6% travel with family including children
- Regional visitation
    - South Shore 29%
    - Fundy & Annapolis Valley 23%
    - Northumberland Shore 16%
    - Cape Breton 9 %
    - Eastern Shore 2%
    - Yarmouth & Acadian Shore 2%

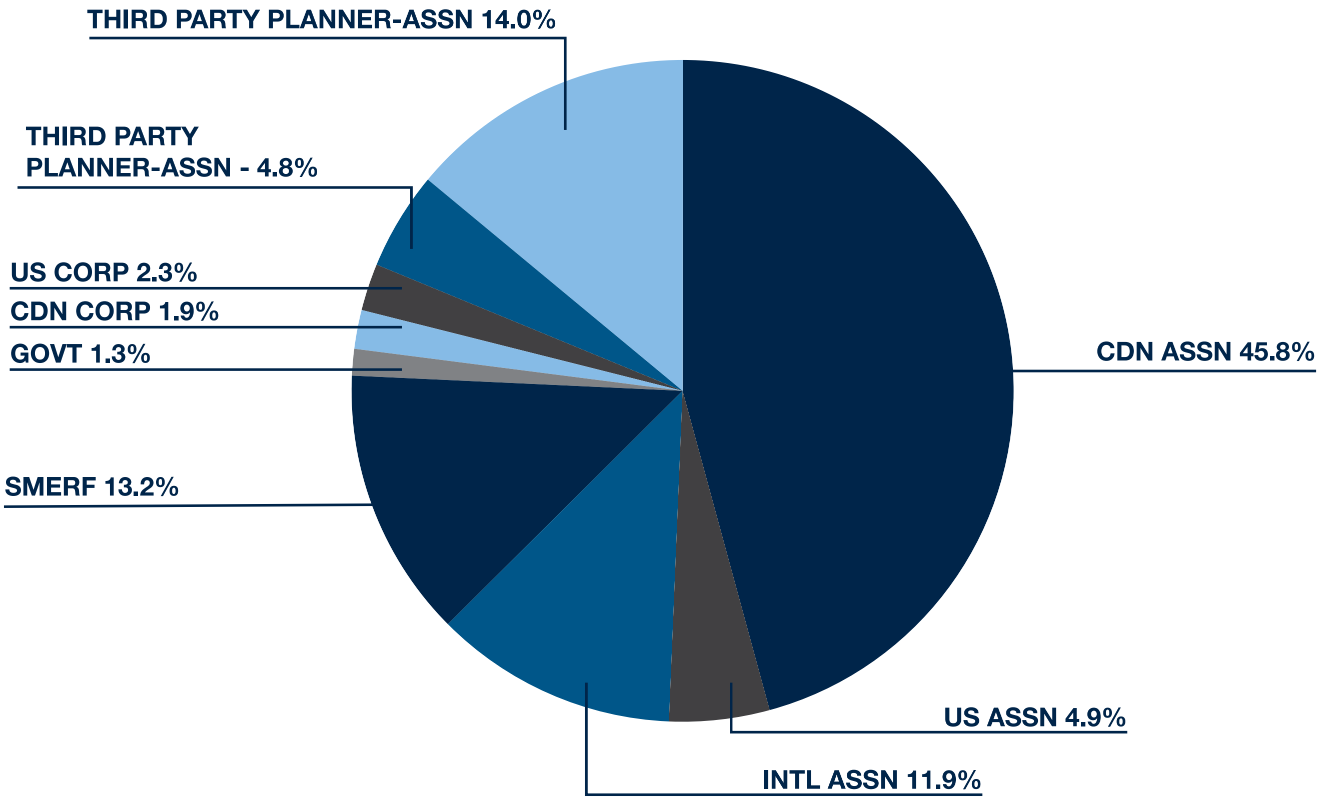
MARKETING ANALYSIS

MARKET SEGMENTATION ANALYSIS IN THE MEETINGS & CONVENTIONS CATEGORY

Room Nights Breakdown by Market Segment

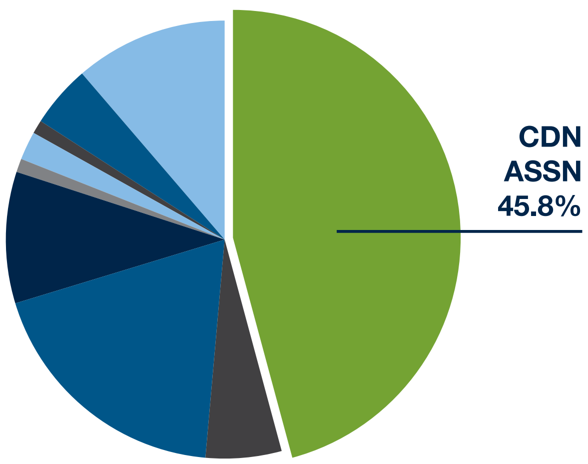


Delegate Breakdown by Market Segment

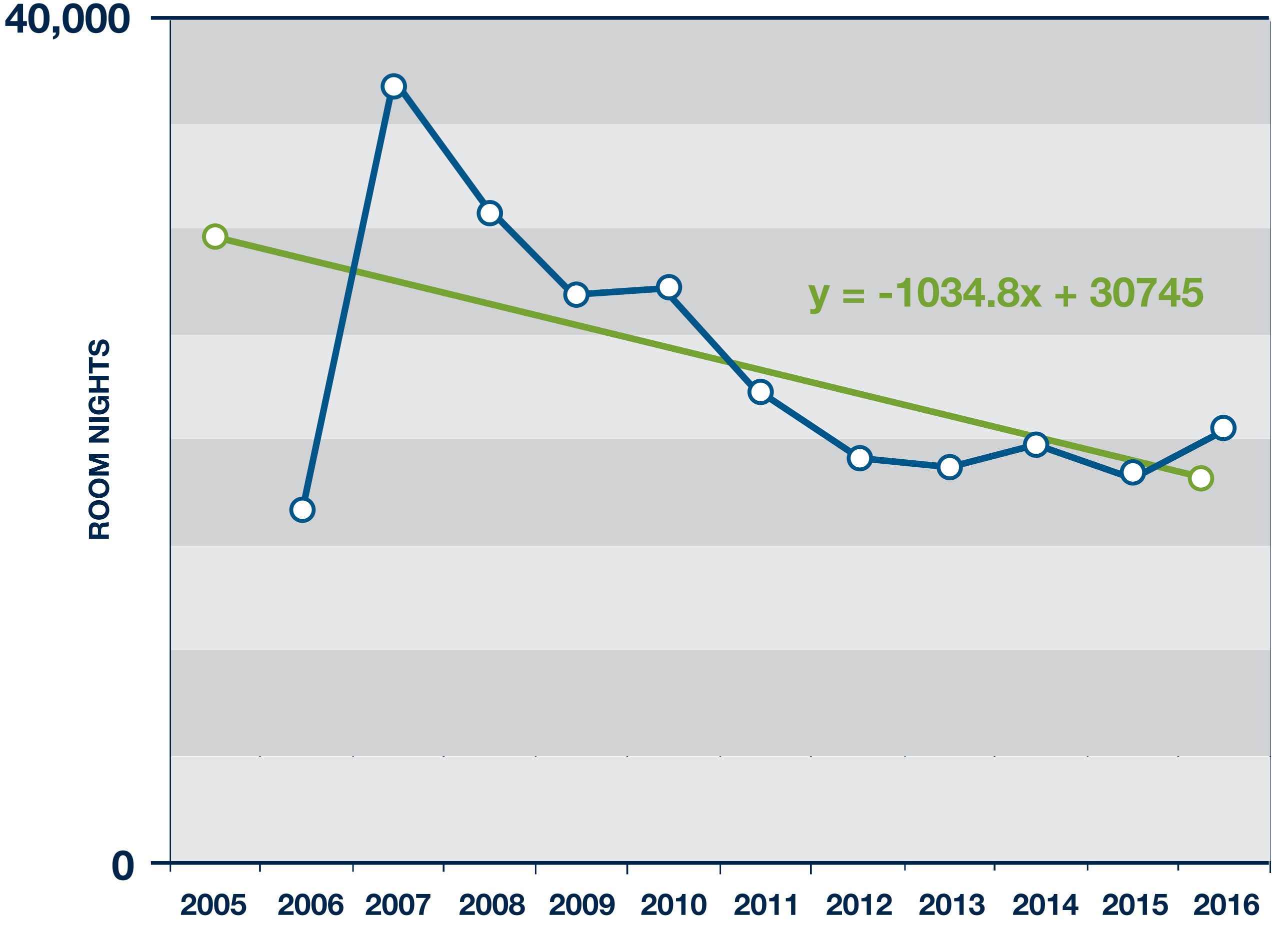


Canadian Association Overview

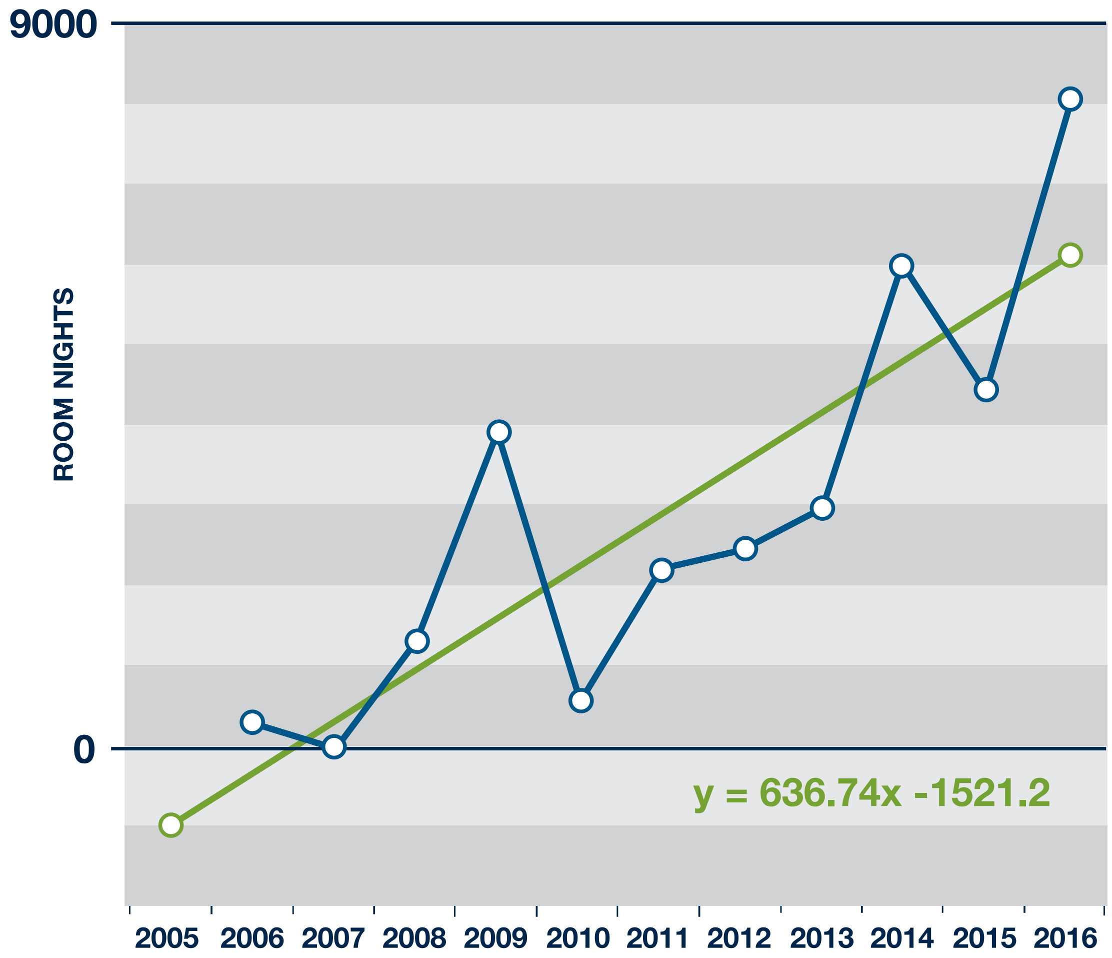
- Remains strongest market for overall room night production
  - Accounts for 57% of room nights when coupled with third party association market
- Slight decline in production partially offset by strengthening third party association market
- Market potential includes:
  - 375 key accounts
  - 340,000 room nights with a minimum of 100 peak rooms
- Average booking size
  - Canadian Association: 400 room nights
  - Third Party Association: 329 room nights
- Average booking to conversion lead time
  - Canadian Association: 184.5 days
  - Third Party Association: 166.7 days
- Association conversion rate is higher than average:
  - Overall conversion rate: 48%
  - Association conversion rate: 66%
  - Third party conversion rate: 28%



Canadian Association Room Nights Trend

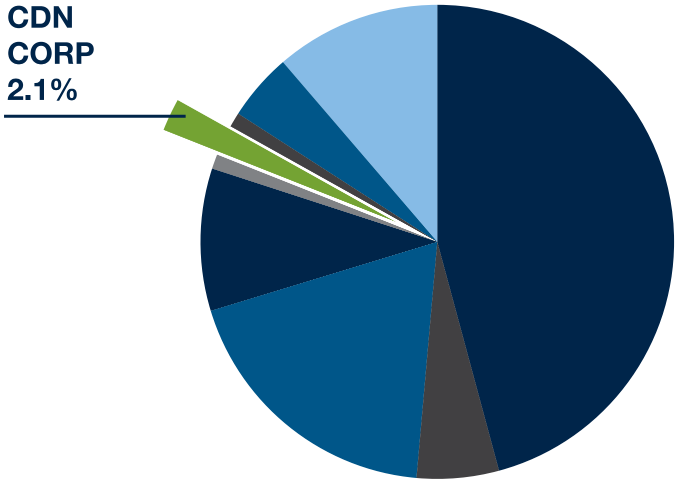


Third Party Association Room Night Trend

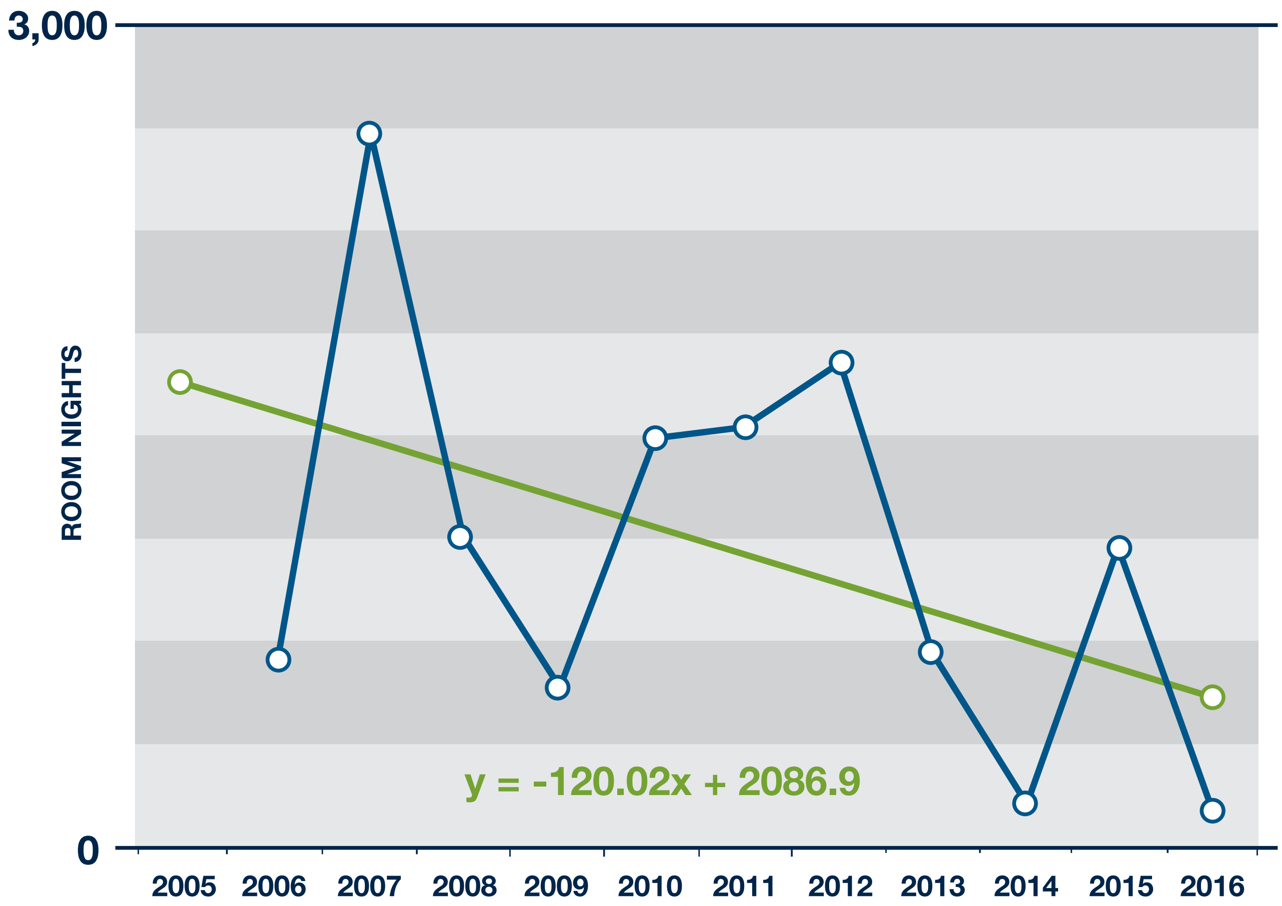


Canadian Corporate Overview

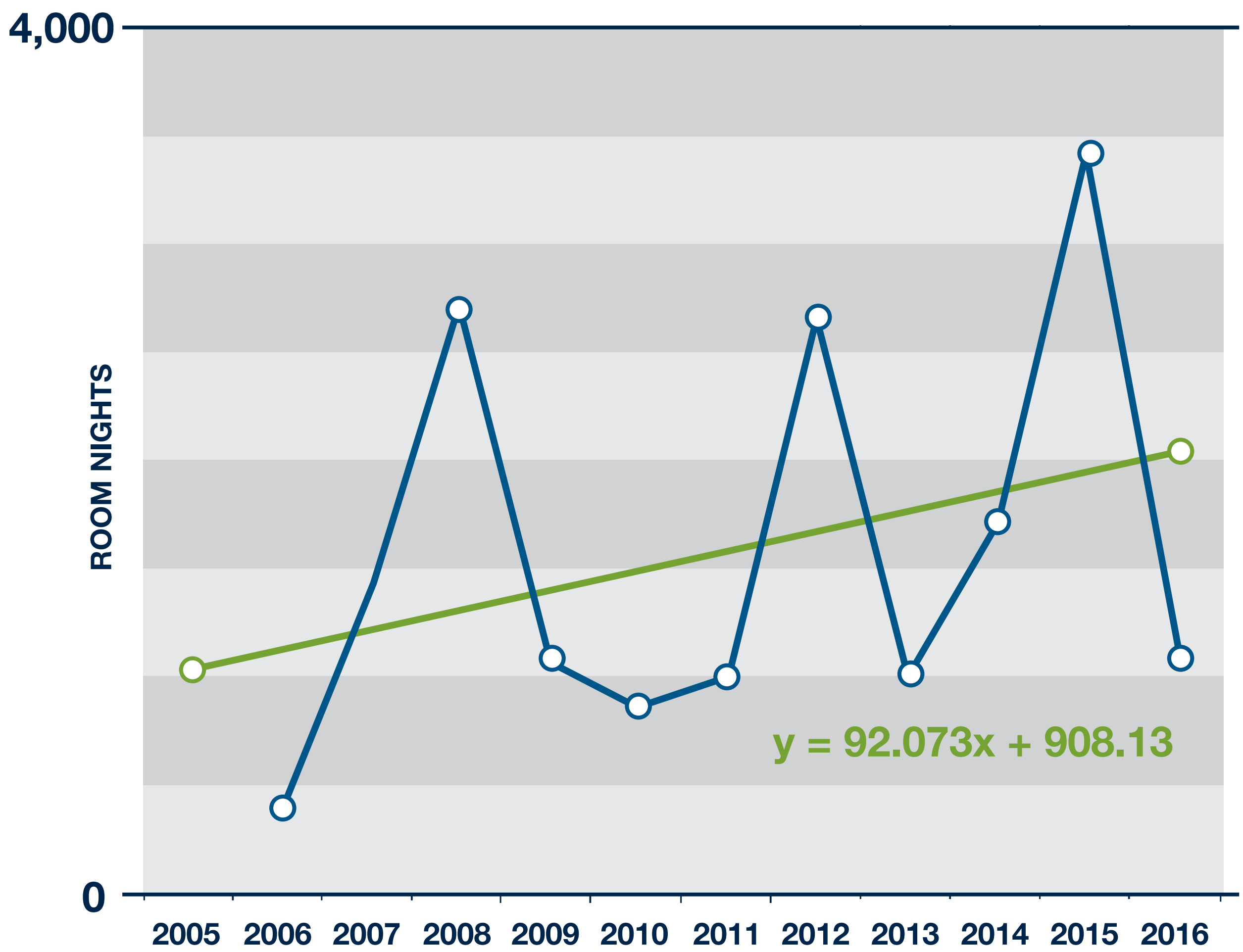
- Corporate meeting market is trending downwards while third party corporate is trending upwards (similar to Associations)
- Smaller meetings (< 100 delegates), tend to use hotels rather than convention centres
- Most corporate meeting planners book direct with hotels and do not use DMOs
- Group size averages:
  - Corporate: 91 delegates, 185 room nights
  - Third Party Corporate: 94 delegates, 154 room nights
- Conversion rate is below average:
  - Corporate: 36%
  - Third Party Corporate: 27%
- Shorter lead time and quicker conversion: avg 59.5 days



Canadian Corporate Room Night Trend

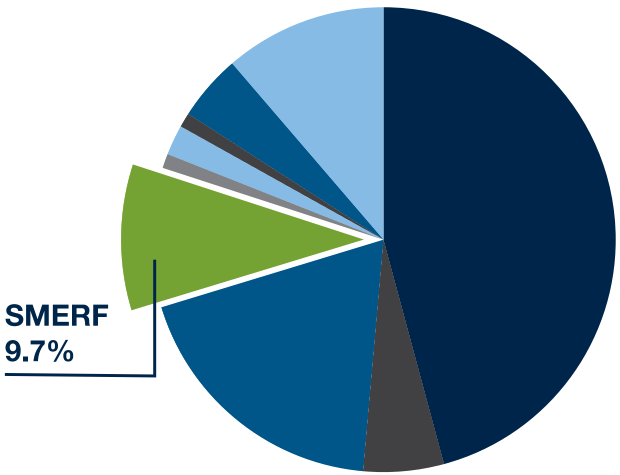


Third Party Corporate Room Night Trend

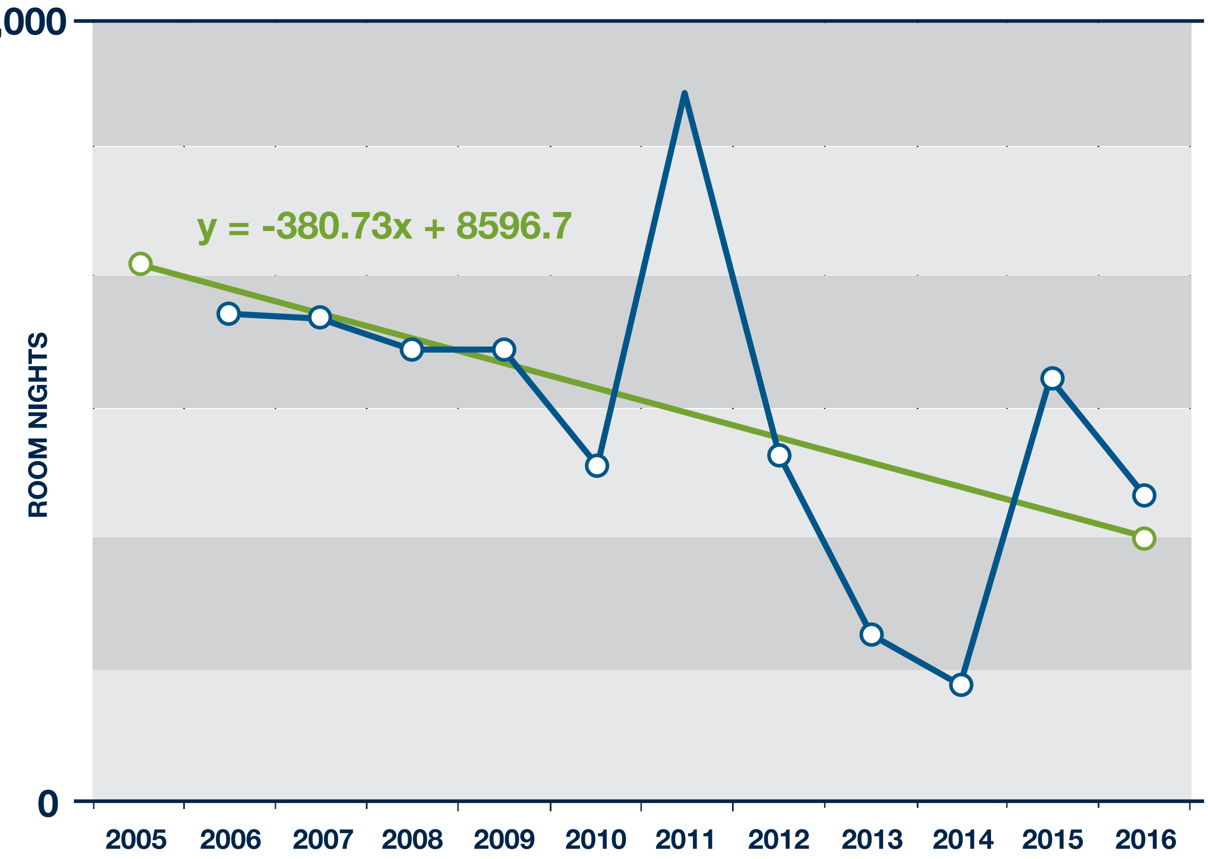


SMERF Overview

- Market includes Social, Military, Educational, Religious, Fraternal organizations
    - Rotary, Shriners, Harmony International, sporting events
- Average group size is 369 attendees and 558 room nights
- Cost conscious - often meet in low season
- Conversion lead time:116.6 days
- Conversion rate: 47%
    - on par with average conversion rate

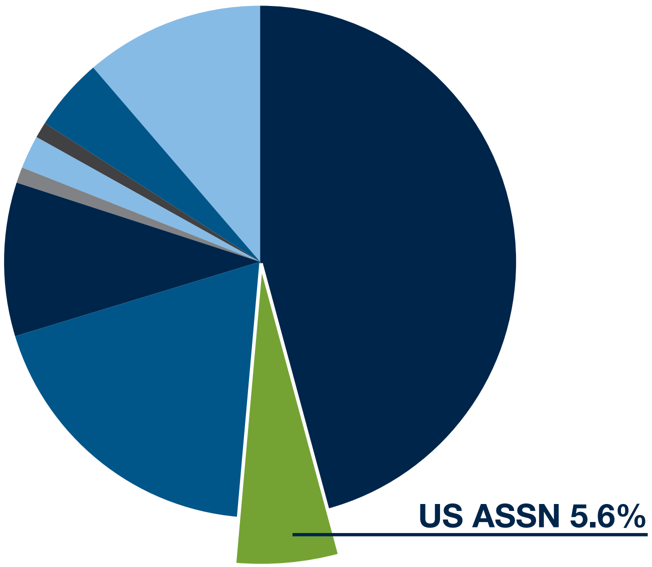


SMERF Room Night Trend

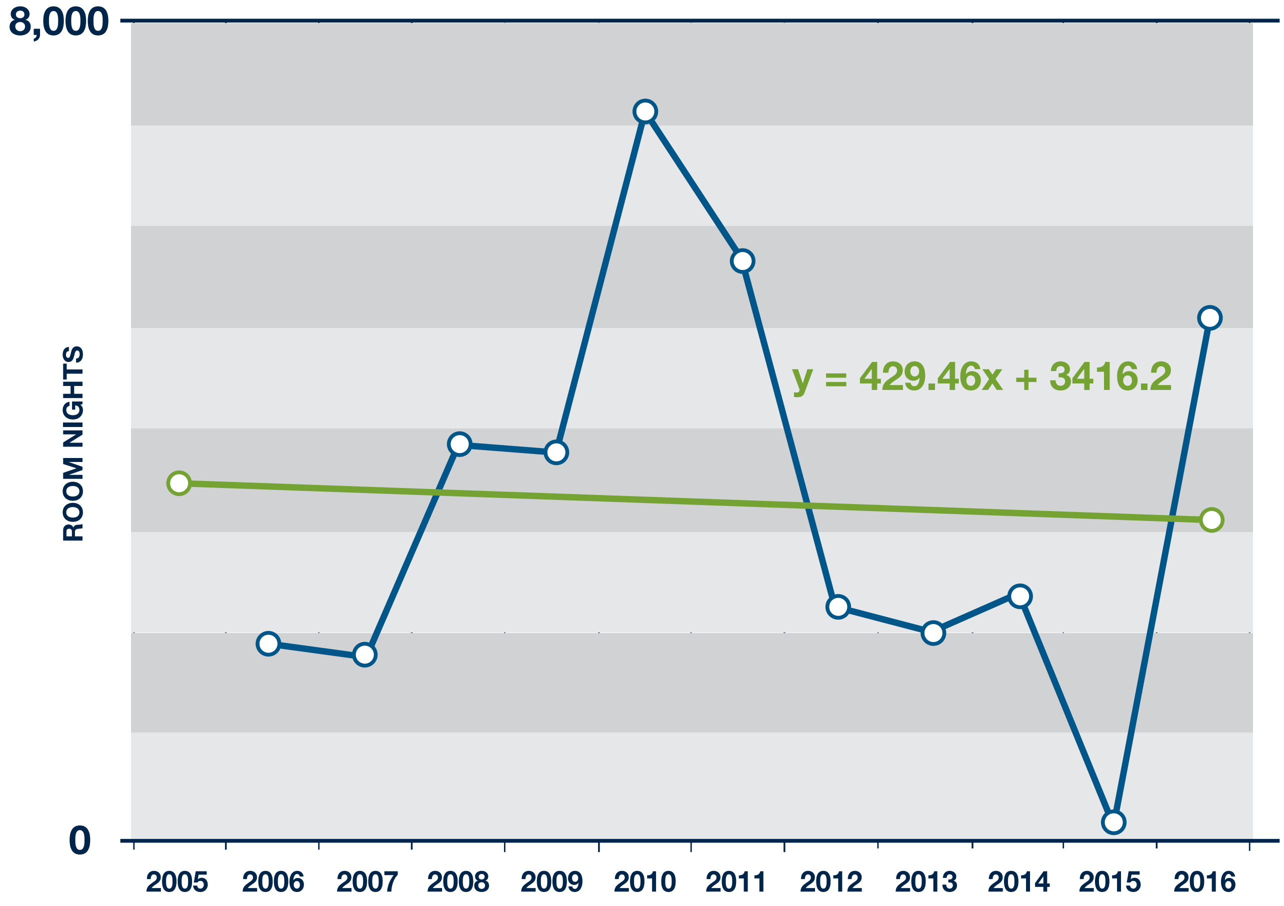


US Association Overview

- Declining segment since the economic downturn
- Average group size:
  - 151 delegates
  - 308 room nights
- Pressure for US Associations to hold conferences within USA
- Canada remains first choice for outbound meeting business
- Lead time average: 113 days
  - significantly lower than Canadian and International associations
- Conversion rate: 26%
  - significantly lower than the average rate of 48%

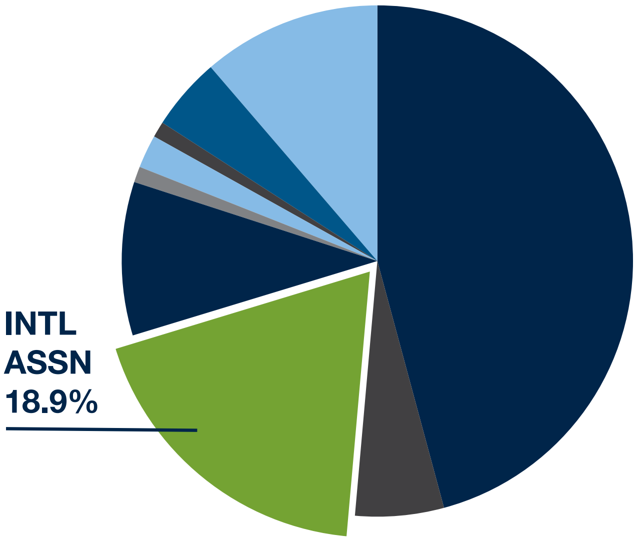


US Association Room Night Trend

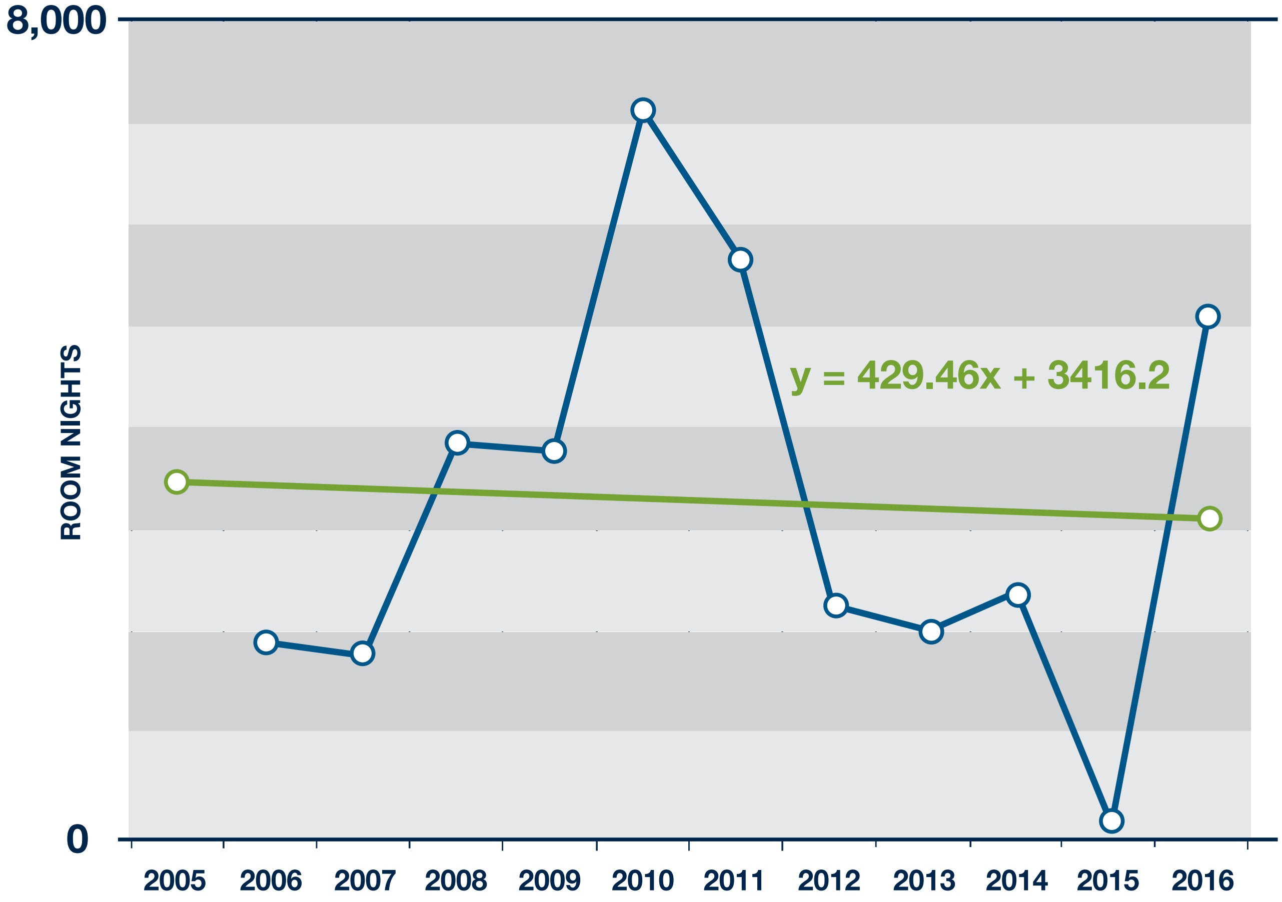


International Association Overview

- Identified as significant growth potential for Halifax
- Average group size
    - 264 delegates
    - 676 room nights (highest market segment)
- Priority industry sectors
    - Life Sciences
    - Aerospace & Defence
    - Oceans
    - Finance & Insurance
- Market potential
    - 800 accounts
    - 250,000 room nights
- Average lead time:168 days
- Conversion rate: 53%
    - higher than the average rate of 48%

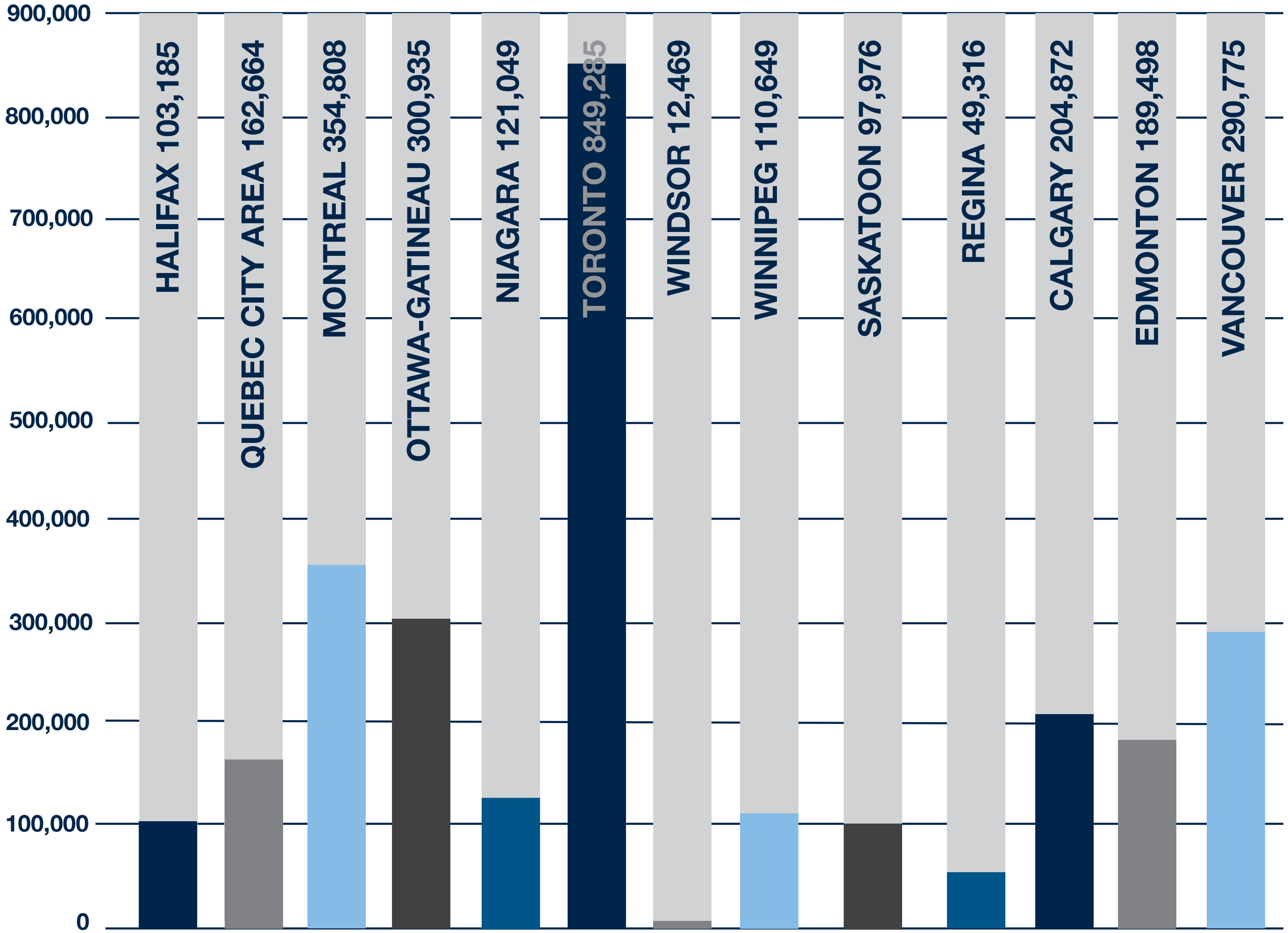


International Association Room Night Trend



COMPETITIVE ANALYSIS

2013 Cities Overnight Visits



COMPETITIVE ANALYSIS

Domestic Market:
Halifax vs. Select Canadian Cities

CITY	AIR ACCESS	LODGING COSTS	AWARENESS OF THE DESTINATION	UNIQUENESS OF DESTINATION	TRAVEL COSTS TO DESTINATION	CLEAN ATTRACTIVE CITY	SECURITY / CRIME RATE	NUMBER OF HOTEL ROOMS AVAILABLE	WILLING TO MAKE FINANCIAL / OTHER CONCESSIONS	CONVENTION CENTRE (SIZE)	CONVENTION CENTRE RENOVATIONS	SCORE OUT OF 100
HALIFAX	8	7	8	8	5	8	8	6	2	7	10	77
TORONTO	10	3	10	8	10	8	8	10	6	10	7	90
MONTREAL	10	3	10	8	10	7	5	10	10	8	4	85
OTTAWA	9	9	10	8	7	7	7	8	3	8	10	86
VANCOUVER	10	3	10	10	3	10	1	10	7	10	10	84
QUEBEC CITY	6	3	8	10	6	9	9	6	5	10	10	82
NIAGARA FALLS	5	6	10	10	8	6	8	6	8	7	6	80
EDMONTON	8	8	7	3	4	5	4	8	10	5	5	67
CALGARY	7	4	10	4	4	7	3	8	9	8	3	67
ST. JOHN'S	2	4	6	7	3	9	9	3	7	5	9	64
WINNIPEG	5	9	6	3	4	4	1	8	5	8	10	63
SASKATOON	5	6	6	3	4	4	3	4	8	7	4	54

Non-Domestic Market: Halifax vs. Select Canadian Cities

CITY	AIR ACCESS	LODGING COSTS	AWARENESS OF THE DESTINATION	UNIQUENESS OF DESTINATION	TRAVEL COSTS TO DESTINATION	CLEAN ATTRACTIVE CITY	SECURITY / CRIME RATE	NUMBER OF HOTEL ROOMS AVAILABLE	WILLING TO MAKE FINANCIAL / OTHER CONCESSIONS	CONVENTION CENTRE (SIZE)	CONVENTION CENTRE RENOVATIONS	SCORE OUT OF 100
HALIFAX	3	8	3	8	3	8	8	6	2	7	10	66
TORONTO	10	4	10	6	10	8	8	10	6	10	7	89
MONTREAL	9	7	10	8	7	7	5	10	10	8	4	85
OTTAWA	4	8	5	8	6	7	7	8	3	8	10	74
VANCOUVER	8	3	10	10	1	10	1	10	7	10	10	80
QUEBEC CITY	3	8	6	10	6	9	9	6	5	10	10	82
NIAGARA FALLS	5	8	10	10	8	6	8	6	8	7	6	82
EDMONTON	3	9	5	3	2	5	4	8	10	5	5	59
CALGARY	4	5	7	4	2	7	3	8	9	8	3	60
ST. JOHN'S	1	6	1	7	1	9	9	3	7	5	9	58
WINNIPEG	2	9	5	3	2	4	1	8	5	8	10	57
SASKATOON	2	9	1	3	2	4	3	4	8	7	4	47

Canadian Convention Centres

- With the opening of the new Halifax Convention Centre, Halifax is well positioned to compete with destinations across Canada
- Most convention centres in Canada have recently been renovated, are in the process of being renovated, or have had recent expansions
- Largest Convention Centres:
    - Metro Toronto Convention Centre
    - Vancouver Convention Centre
    - Quebec City Convention Centre
- RBC Convention Centre in Winnipeg is expanding to 260,000 square feet in 2016

Atlantic Convention Centres

- Competition within Atlantic Canada has increased:
  - St. John's will open new convention centre in May 2016
  - Fredericton and Charlottetown recently opened new convention centres
  - Saint John Trade & Convention Centre was newly renovated

DESTINATION ANALYSIS

DESTINATION ANALYSIS

AIR ACCESS

- Good airlift domestically
- Limited non-domestic flights compared to Canada's first tier cities
- Short flight times from eastern USA and Europe
- Seasonality affects some airlift
- Award winning international airport offering pre-clearance

LODGING COSTS

- Competitive domestically
- Affordable compared to US and European destinations
- Favourable US dollar exchange rate

AWARENESS OF THE DESTINATION

- Limited awareness by potential international clients
- Primary awareness via expertise relationships (Ambassadors)
- High awareness in domestic market

DESTINATION ANALYSIS

UNIQUENESS OF DESTINATION

- Proximity to ocean and nature
- Historical links to Europe and USA
- Unique attractions and venues (MMA, Pier 21, Citadel)

TRAVEL COSTS TO DESTINATION

- High costs relative to centrally located destinations,
- Considerably less than competing destinations in Atlantic Canada and some western destinations
- Relatively inexpensive inbound international flights

CLEAN ATTRACTIVE CITY

- Beautiful ocean setting
- Interesting architectural mix of old and new (Government House, Province House, Halifax Central Library, HCC)
- Healthy environment (Good air quality, clean ocean and rivers)
- High level of civic maintenance service
- Many parks, gardens, green spaces (the City of Trees)

DESTINATION ANALYSIS

SECURITY/CRIME

- High level of border security provided at international entry points
- Crime rate (per 100,000) in 2014 ranked slightly above the Canadian average, yet well below the western Canadian averages
- Canada considered a safe country with low and declining crime rates
- Nova Scotia had the second lowest homicide rate in Canada in 2014 (Stats Canada)

NUMBER OF HOTELS

- Wide offering of types of accommodation and rates
- Consolidation of brands (potential for limited competition)
- One new hotel scheduled to open (Nova Centre - hotel brand remains unannounced)

DESTINATION ANALYSIS

WILLINGNESS TO MAKE FINANCIAL/OTHER CONCESSIONS

- Meeting planners are increasingly looking for support to offset escalating costs
- Informal room rebate mechanism to offset convention center rental
- No industry funded and/or government supported incentive plans available

CONVENTION CENTRE SIZE/ RENOVATIONS

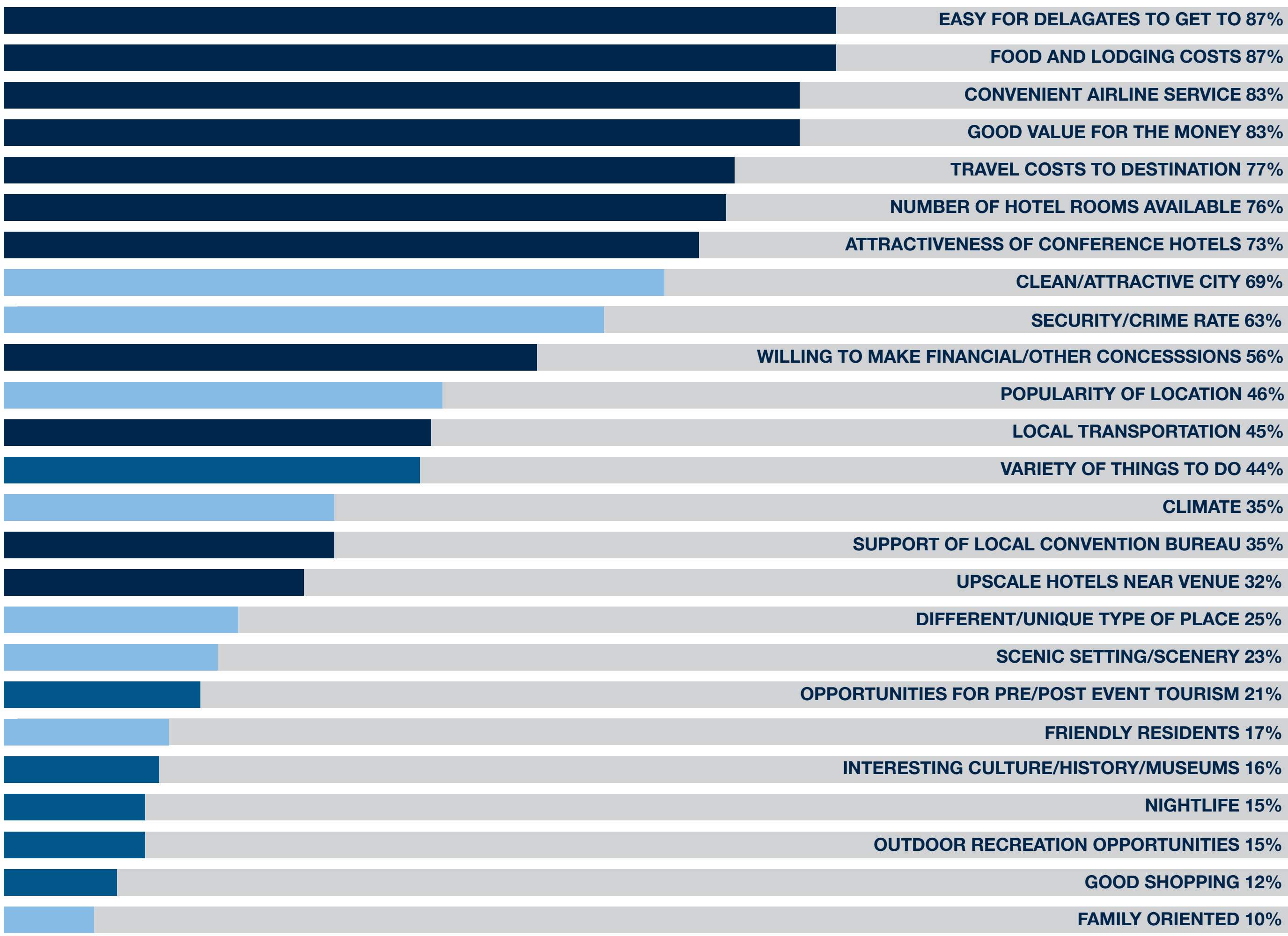
- New state-of-the-art convention centre opening 2017
- Will allow Halifax to stage larger conferences and simultaneous bookings

MOTIVATIONS & SITE SELECTION CRITERIA

Motivation and Site Selection Criteria

ATTRIBUTE CATEGORY

- LOGISTICAL
- ENVIRONMENTAL
- RECREATIONAL



Source: STR, Inc. DestinationMAP , Volume I, September 2015

Criteria

- Logistical considerations are paramount
  - Includes ease of access, cost and facilities
- Secondary considerations include:
  - Environment
  - Cleanliness
  - Security
- Highest detractors include:
  - Unsanitary conditions
  - High crime rate

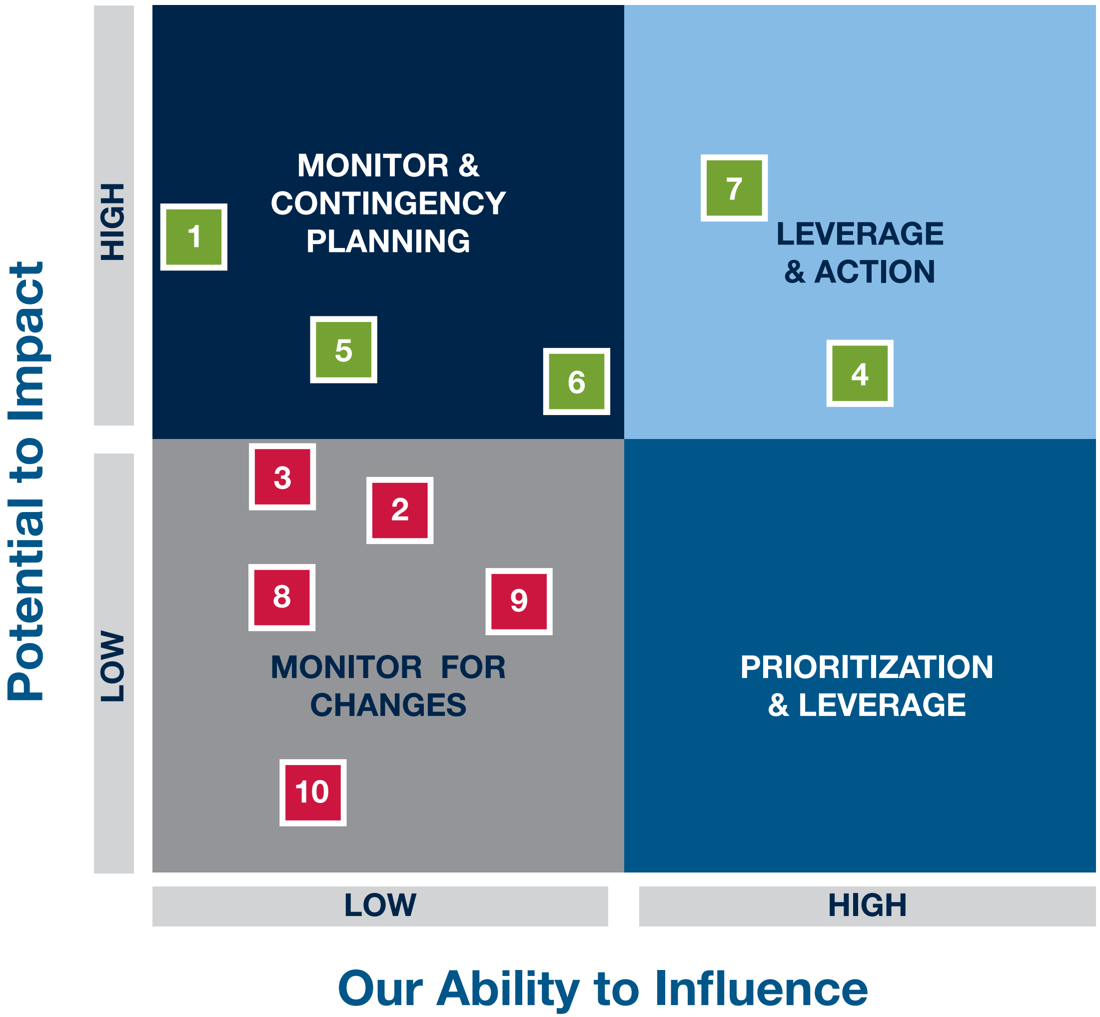
Information Sources

- Personal connections are highly valued
- Majority of information sources rated as “important” contain a personal relationship aspect
- Websites are important but fall somewhat lower as a source

PEST ANALYSIS

POLITICAL
ECONOMICAL
SOCIETAL
TECHNOLOGY

PEST ANALYSIS



1. EXCHANGE RATE
2. RISK ENVIRONMENT (BORDER SECURITY/TERRORISM)
3. SHARING ECONOMY
4. INCENTIVES
5. AIR ACCESS
6. CSR
7. THIRD PARTY/SITE SELECTION COMPANIES
8. HYBRID/VIRTUAL CONFERENCES
9. DECLINING ROOM BLOCKS/CITY WIDE
10. ONLINE TRAVEL AGENTS

STRATEGY

Canadian Association Segment

- Canadian Association market will continue to be the strongest performing market for Halifax
- Increased sales activity in the Ottawa and Toronto regions
- Strong presence at industry tradeshows and conferences
- Identify partnership opportunities
    - CSAE (Canadian Society of Association Executives),
    - MPI (Meeting Professionals International)
    - PCMA (Professional Conference Management Association)
- Consider hosting CSAE and/or PCMA Canada East conferences
- Develop a program to identify provincial associations with the potential of hosting domestic conferences

Third Party (Association & Corporate)

- Continue to focus on site selection companies domestically
- Strengthen relationships with major Canadian third party companies
- Identify partnership opportunities
  - SITE
  - CanSPEP (Canadian Society of Professional Event Planners)

Third Party (Association & Corporate)

- Consider Helms Briscoe's DMO partner program and Conference Direct's DMO Preferred Provider program
- Align with Association Management Companies throughout Canada and Chicago-based Smith Bucklin, the largest AMC in the US

SMERF

- Extend the traditional Meetings & Convention season to year-around group business
- Identify local industry champions who can spearhead bids to host large events in Halifax
- Develop a program to identify sporting associations with the potential of hosting domestic and international events
- Explore partnership opportunities with RCMA (Religious Conference Management Association)

POSITIONING STATEMENT

FOR CANADIAN PLANNERS AND DELEGATES, HALIFAX IS A FASHIONABLE M&C DESTINATION BECAUSE IT COMBINES UNPARALLELED SERVICE AND EAST COAST HOSPITALITY WITH MODERN AMENITIES AND SOPHISTICATED EXPERIENCES INSPIRED BY THE SEA.

Non-Domestic

- Focus on North American and Northeast associations based in the US
- Identify provincial associations with the potential of hosting international conferences
- Create a cities alliance spearheaded by Halifax similar to Best Cities Global Alliance and Energy Cities Alliance
- Partner with Business Events Canada under the Destination Canada brand.
    - Geographic regions in the US have been identified as Northeast and Chicago
- Partner with HP and NSBI to identify potential international congresses
- Partner with Halifax Convention Centre on a long-term tradeshow strategy by committing to participating in key tradeshows and conferences supported by Destination Canada
    - IMEX America and Europe
    - PCMA
    - MPI
    - ASAE Springtime
- Ambassador Program

Non-Domestic

- Continue to focus on the priority industry sectors
    - Life Sciences
    - Oceans
    - Aerospace & Defense
    - Finance & Insurance

POSITIONING STATEMENT

FOR INTERNATIONAL PLANNERS AND DELEGATES, HALIFAX IS AN IMAGINATIVE SEASIDE M&C DESTINATION BECAUSE IT DELIVERS THE ESSENCE OF NOVA SCOTIA IN A MODERN, VIBRANT CITY.

Pre/Post

- Extend group servicing to include SEO and paid search directed at delegates to encourage extended stays
- Expand social media platform
- Work closely with meeting planners to promote pre-post activities
- Explore attendance building tools

New Tools

- New tools are being introduced to improve efficiency
    - DMAI's EmpowerMINT
        - Sales & Marketing tool with an extensive database of organizations that plan conferences
    - Simpleview, a CRM specific to DMOs
    - Economic Impact Calculator

Methodology

- A number of primary and secondary research sources were used in the development of this report.
- These include:
    - Statistics Canada's Travel Survey of Residents of Canada and International Travel Survey
    - Achievers World Wide
    - Smith Travel Research (STR)
    - MPI Foundation Canadian Economic Impact Study
    - Fulcrum Report
    - Keyway